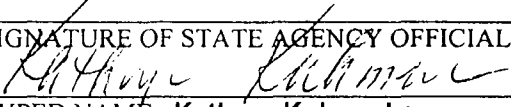
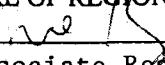


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 04-10	2. STATE New York
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396(d) Social Security Act 1905(b)		7. FEDERAL BUDGET IMPACT: a. FFY 2003 - 2004 \$62,500 \$43,000 b. FFY 2004 - 2005 \$250,000 \$171,000 <i>Per state's request on 11/3/04</i>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Page 4(d)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B Page 4(d)	
10. SUBJECT OF AMENDMENT: Indian Health Clinic Pharmacy Carve-Out			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: New York State Department of Health Office of Medicaid Management Corning Tower - Empire State Plaza Room 1466 Albany, New York 12237	
13. TYPED NAME: Kathryn Kuhmerker			
14. TITLE: Office of the Deputy Commissioner Department of Health			
15. DATE SUBMITTED: June 30, 2004			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: January 18, 2005	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Sue Kelly		22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations	
23. REMARKS:			

Type of ServiceMethod of Reimbursement

Prescribed Drugs

Reimbursement is the lowest of 1) the billing pharmacy's usual and customary price charged to the general public, 2) the upper limit if established by the Federal Government for specific multiple source drugs, plus a dispensing fee, or 3) the Estimated Acquisition Cost (EAC) established by State Department of Health, plus dispensing fee. EAC is average wholesale price less twelve percent. The dispensing fee for generic prescription drugs will be \$4.50 per prescription and for brand name prescription drugs will be \$3.50. The State Department of Health's prescription drug pricing service will determine whether a prescription drug is generic or brand name.

Compound Drugs: Reimbursement is determined by the State Department of Health at the cost of ingredients plus a dispensing fee of \$3.50 with an additional amount of \$0.75 as the compounding fee.

Exception: Physician Override: Reimbursement for those brand name drugs for which there are generic equivalent drugs for which reimbursement is not to exceed the aggregate of the specified upper limit for the particular drug established by the Centers for Medicare and Medicaid Services, plus a dispensing fee, will be paid at the lower of the estimated acquisition cost, plus a dispensing fee, or at the provider's usual and customary price charged to the general public when the prescriber has obtained a prior authorization for the brand-name drug, indicated that the brand name drug is required by placing "daw" (dispense as written) in the box located on the prescription form and by writing "brand necessary" or "brand medically necessary" in his/her own handwriting on the face of the prescription.

Indian Health Clinics and tribal clinics which have licensed pharmacies, may submit fee-for-service claims for pharmacy services provided to Native Americans and will be reimbursed at the net acquisition cost for those drugs purchased through the Federal Supply Schedule or at an amount determined by the reimbursement methodology indicated above for all other purchased drugs.

TN 04-10 Approval Date JAN 18 2005
Supersedes TN 03-37 Effective Date JUL 1 2004